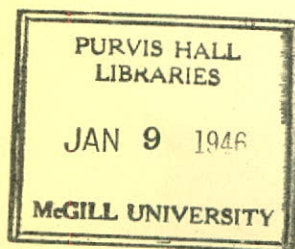


**CANADIAN
GENERAL ELECTRIC
COMPANY
LIMITED**

**ANNUAL
REPORT
1 9 4 2**



PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

25 King Street West,

Toronto

March 10, 1943.

To the Shareholders,

Canadian General Electric Company, Limited.

We have examined the Balance Sheet of the Canadian General Electric Company, Limited, as at December 31, 1942, and the statement of Income and Earned Surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate.

The cash and bank balances have been confirmed by count or by certificates from the depositaries.

The marketable and other securities were inspected or confirmed by acknowledgments from the custodians.

We have scrutinized the accounts and notes receivable and believe that full provision has been made for possible losses through doubtful debts. Requests for confirmation of accounts receivable were mailed to a number of debtors, selected by us, and notifications of exceptions were explained to our satisfaction.

Certified inventories of merchandise, work in progress and materials and supplies have been submitted to us. We have satisfied ourselves that these inventories have been taken in a careful manner, that ample allowance has been made for inactive and obsolete stocks and that they are conservatively stated at an amount not exceeding the lower of cost or market value, less reserves. We reviewed the plan and system of control adopted for inventory purposes and observed the taking of the inventory with respect to certain items selected by us, thereby satisfying ourselves that the methods of taking and recording the quantities were carried out effectively.

Expenditures charged to the property, plant and equipment accounts during the year, in our opinion, were properly capitalized as representing additions or improvements. The provision for depreciation for the year appears to be adequate.

All ascertained liabilities have been included in the accounts.

In accordance with Section 114 of the Companies Act, 1934, we report that the earnings of subsidiary Companies for 1942 are included in income from investments in the attached income statement only to the extent of dividends received; such dividends were not in excess of the Company's share of the aggregate of the profits of all subsidiaries.

We report that, in our opinion, based upon such examination, the accompanying Balance Sheet and related statement of Income and Earned Surplus are properly drawn up so as to exhibit, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, a true and correct view of the state of the Company's affairs as at December 31, 1942, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PEAT, MARWICK, MITCHELL & CO.,
Auditors.

STATEMENT OF INCOME AND EARNED SURPLUS

YEAR ENDED DECEMBER 31, 1942

Income from Operations, after deducting depreciation of \$1,764,970.53, salaries of officials and legal expenses of \$118,889.00, Directors' fees of \$10,972.83 and transferring \$1,250,000.00 to working reserves..	\$7,025,521.88
Income from investments.....	766,867.22
Profits from securities sold.....	35,062.50
Net income for the year before providing for income and excess profits taxes.....	7,827,451.60
Provision for income and excess profits taxes, estimated \$6,045,000.00	
Less post war refund of excess profits tax, estimated 545,000.00	
	5,500,000.00
Net income for the year.....	2,327,451.60
Earned surplus as at January 1, 1942.....	10,519,306.53
Earned surplus available for dividends.....	\$12,846,758.13
Dividends on preferred stock.. \$ 115,000.00	
Dividends on common stock.. 1,510,760.00	
	1,625,760.00
Earned surplus as at December 31, 1942.....	<u>\$11,220,998.13</u>

CANADIAN GENERAL ELE
BALANCE SHEET,

ASSETS

Current assets:

Cash on hand and in Banks.....	\$ 3,400,874.71
Government bonds.....	8,945,982.19
(Quoted market value \$8,961,322.19)	
Accounts and notes receivable, less reserve	5,588,531.97
Inventories at not exceeding the lower of cost or market value, as determined and certified to by the management, less reserves.....	11,919,663.47
	<u>\$29,855,052.34</u>
Less: Advance collections on contracts..	3,797,879.51
	<u>\$26,057,172.83</u>
Total current assets.....	

Other assets:

Investment securities, less reserves.....	\$ 3,228,069.05
(Quoted market value \$3,509,265.62)	
Securities of subsidiary companies.....	428,213.81
Post war refund of excess profits tax, estimated.....	545,000.00
Employees' savings plan.....	22,900.00
Prepaid expenses.....	57,281.77
	<u>\$ 4,281,464.63</u>
Total other assets.....	

Fixed assets:

Manufacturing plant, including land, buildings and machinery; head office and branch office properties; at cost...	\$20,674,226.87
Less: Depreciation reserves.....	11,807,713.61
	<u>\$ 8,866,513.26</u>
Patents and franchise.....	1.00
	<u>\$ 8,866,514.26</u>
Total fixed assets.....	
	<u><u>\$39,205,151.72</u></u>

Signed on behalf of the Board:

D. C. DURLAND, DIRECTOR.
W. D. ROSS, DIRECTOR.

CTRIC COMPANY, LIMITED
DECEMBER 31, 1942

LIABILITIES AND CAPITAL

Current liabilities:

Accounts payable.....	\$ 2,486,704.65
Taxes payable, including provision for estimated income and excess profits taxes.....	3,455,927.63
Sundry accrued charges.....	1,012,117.47
Dividend declared on preferred stock.....	28,750.00
Dividend declared on common stock.....	377,690.00

Total current liabilities.....	<u>\$ 7,361,189.75</u>
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General reserve.....	<u>\$ 8,880,713.84</u>
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Capital stock:

Special Employees' Preferred:

Authorized—50,000 shares, par value \$50.00 each (callable at par).	
Issued—46,000 shares.....	\$ 2,300,000.00

Common:

Authorized and issued—188,845 shares, par value \$50.00 each.....	9,442,250.00
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Total capital stock.....	<u>\$11,742,250.00</u>
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Earned surplus as at December 31, 1942.....	<u>\$11,220,998.13</u>
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	<u><u>\$39,205,151.72</u></u>
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The auditors' report to the Shareholders appears on
the first page.

ANNUAL REPORT OF THE DIRECTORS
TO THE SHAREHOLDERS OF
CANADIAN GENERAL ELECTRIC COMPANY, LIMITED
TORONTO, CANADA MARCH 17, 1943

The Directors submit herewith the Balance Sheet of your Company as of December 31, 1942, and Statement of Income and Earned Surplus, certified by the Company's Auditors, Peat, Marwick, Mitchell & Company, Chartered Accountants.

The year 1942 marked the fiftieth anniversary of the foundation of your Company in 1892. During this period there has been remarkable progress and development in the electrical industry in which your Company has occupied a foremost position. The electrical industry is now making a notable contribution to the war effort.

The volume of orders received and production during the year 1942 was the largest in the history of the Company and substantially greater than in 1941, the previous record year. The Company has greatly expanded its operations, which are devoted almost entirely to production for war purposes and embraces a wide variety of special war materials and equipment, as well as its regular lines of electrical and mechanical products essential in the operation of other war industries.

Profits before taxes amounted to \$7,827,452. Provision for income and excess profits taxes was \$6,045,000 of which \$545,000 is refundable, leaving a net amount of \$5,500,000 charged against operations. Net profits for the year were \$2,327,452 as compared with \$2,479,556 in 1941, a decrease of \$152,104, or 6.1%. Depreciation of plant and equipment charged against income was \$1,764,970.

Dividends of 5% on the Special Employees' Preferred Stock and \$8.00 per share on the Common Stock were paid, totaling \$1,625,760. The sum of \$701,692 was added to earned surplus, making the balance in that account \$11,220,998 at December 31, 1942.

Current assets totaled \$26,057,173, a decrease of \$2,563,644, while current liabilities amounted to \$7,361,190, a decrease of \$4,061,826. The excess of current assets over current liabilities, or working capital, amounted to \$18,695,983, an increase of \$1,498,182.

Cash amounted to \$3,400,875, Government bonds \$8,945,982, and investments other than Government bonds, principally in industrial securities, \$3,228,069. These items aggregated \$15,574,926, a decrease of \$1,029,886. Government bonds are carried in the Balance Sheet at the lower of par or market value; other investment securities are carried at values not exceeding either cost or market, and securities of subsidiary companies are conservatively valued at \$428,214.

The Company has no funded debt, notes payable, or other interest-bearing obligations of any kind.

Accounts and notes receivable, less adequate reserves for possible losses, amounted to \$5,588,532, a decrease of \$795,980. Inventories, less appropriate reserves for obsolescence and shrinkage in value, totaled \$11,919,663, a decrease of \$377,687.

Capital expenditures in 1942 for extensions and improvements to manufacturing plants, offices and warehouses amounted to \$1,722,968.

An amount of \$415,000 was paid into the Canadian General Electric Pension Trust during 1942, making a total to date of \$1,900,000 paid by the Company into this Trust.

On December 31, 1942, the employees of the Company held 41,522 shares of the Special Employees' 5% Preferred Stock, having a par value of \$2,076,100. An extra payment of 2% was made in 1942 to employees holding such shares under the Employees' Savings and Investment Plan.

The Company has co-operated with the Government in promoting the sale to its employees of Victory Bonds and

War Savings Certificates. Convenient facilities have been afforded for purchasing such securities by regular payroll deductions. The employees have liberally subscribed for Victory Bonds to an amount of \$1,779,300 and have purchased \$787,034 of War Savings Certificates, a total of \$2,566,334. Employees to the number of 1,453 have enlisted in the armed forces of Canada.

The Company has continued payment of a cost of living bonus based on the cost of living index as computed by the Dominion Bureau of Statistics. Included in employee benefit plans is group life insurance under which the employees are insured for a total of \$10,416,853, and vacations with pay are granted to hourly rated employees and piece workers, as well as to the salaried staff.

Your Directors deeply regret to record the death of their esteemed colleague, Mr. Andrew M. Stewart, K.C., who had rendered valuable service as Director for over nineteen years. Mr. Philip D. Reed of New York has resigned as a Director. Mr. Morris W. Wilson of Montreal, President and Managing Director of the Royal Bank of Canada, and Mr. Gerard Swope of New York, President of the General Electric Company, have been elected Directors of the Company.

The Board of Directors and Officers take pleasure in again expressing their appreciation of the loyal and co-operative services rendered by the employees of the Company.

By order of the Board of Directors.

D. C. Durland,
Chairman and President.

CANADIAN GENERAL ELECTRIC COMPANY
LIMITED

BOARD OF DIRECTORS

H. C. COX	-	-	-	-	Toronto, Ont.
D. C. DURLAND	-	-	-	-	Toronto, Ont.
A. E. DYMENT	-	-	-	-	Toronto, Ont.
STEPHEN HAAS	-	-	-	-	Toronto, Ont.
HON. F. B. McCURDY	-	-	-	-	Halifax, N.S.
R. S. McLAUGHLIN	-	-	-	-	Oshawa, Ont.
HON. W. D. ROSS	-	-	-	-	Toronto, Ont.
G. HARRISON SMITH	-	-	-	-	Toronto, Ont.
GERARD SWOPE	-	-	-	-	New York, N.Y.
MORRIS W. WILSON	-	-	-	-	Montreal, Que.

EXECUTIVE OFFICERS

D. C. DURLAND, Chairman and President

Vice-Presidents

H. M. TURNER

J. C. MACFARLANE, K.C.

Comptroller

Treasurer

G. E. HIPPE

E. I. JENKING

Secretary

W. H. NESBITT

CANADIAN GENERAL ELECTRIC COMPANY LIMITED

HEAD OFFICE

212-218 KING STREET WEST, TORONTO, ONT.

BRANCH OFFICES

HALIFAX, N.S.	FORT WILLIAM, ONT.
SYDNEY, N.S.	WINNIPEG, MAN.
ST. JOHN, N.B.	REGINA, SASK.
QUEBEC, QUE.	SASKATOON, SASK.
MONTREAL, QUE.	CALGARY, ALTA.
SHERBROOKE, QUE.	EDMONTON, ALTA.
OTTAWA, ONT.	LETHBRIDGE, ALTA.
HAMILTON, ONT.	TRAIL, B.C.
LONDON, ONT.	NELSON, B.C.
WINDSOR, ONT.	KELOWNA, B.C.
NEW LISKEARD, ONT.	VANCOUVER, B.C.
SUDBURY, ONT.	VICTORIA, B.C.

MANUFACTURING PLANTS

PETERBOROUGH WORKS	PETERBOROUGH, ONT.
DAVENPORT WORKS	TORONTO, ONT.
WARD STREET WORKS	TORONTO, ONT.
EDISON MAZDA LAMP WORKS	TORONTO, ONT.
VACUUM TUBE WORKS	TORONTO, ONT.
ROYCE AVENUE WORKS	TORONTO, ONT.
CARBOLOY WORKS	TORONTO, ONT.
ROCKFIELD WORKS	LACHINE, QUE.

